

1. Principal and Functions of Management

Student “Manage” their Studies, Parents “Manage” a family and Business Tycoons “Manage” their Business. We are involved in management i.e. of our own self, social and economic activities and society at large.

The word “**Management**” derives its origin from a Greek Word ‘**nomos**’ which means management. Management can be divided as ‘Manage-men-t’ (i.e. manage-men- tactfully). It means managing men tactfully to get things done. In other management involves the art getting things done through people.

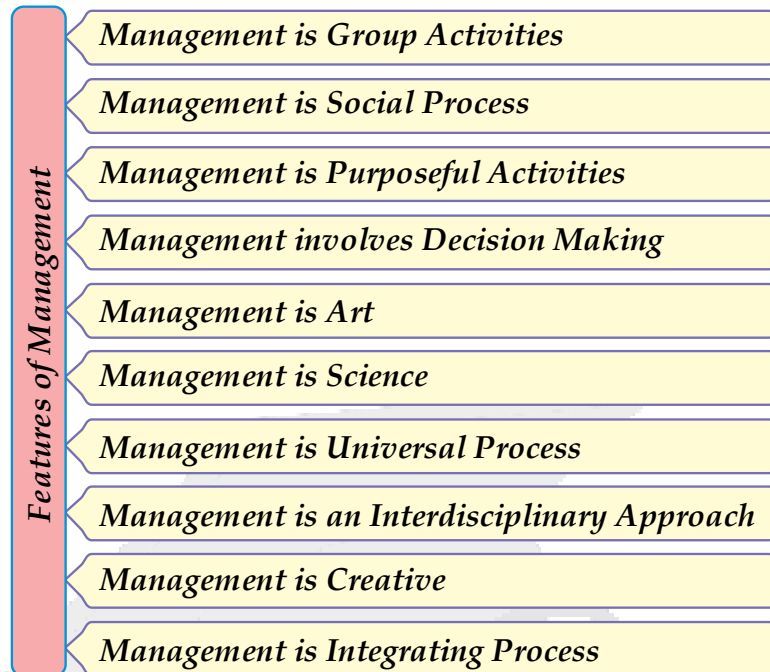
Definitions

“*Koontz and O'Donnell state that management means “Getting things done through and with people.”*
According to Henry Fayol “To manage is to forecast and to plan, to organize to command, to coordinate and to command”
According to F.W. Taylor “Management is the art of Knowing exactly. What you want your men to do and then they do it in the best and cheapest way.
According Mary Parker Follett defines “Management is the art of getting things done through people”
According to George R Terry “Management is a distinct process consisting of planning, organizing, actuating and controlling, utilizing in each both science and art and followed in order to accomplish pre-determined objectives”
According to Stephen Robbins “Management is the universal Process of efficiently getting activities completed with through other people.

After analyzing the above definitions we may conclude that management is the social process of Planning, Organizing, Staffing, directing and controlling the work and resources for the achievement of organizational goals in a dynamic environment.

Management brings together all Six Ms i.e. **Men Women, Money, Machine, Materials, Methods and Markets**. They use these resources for achieving the objective of the organization.

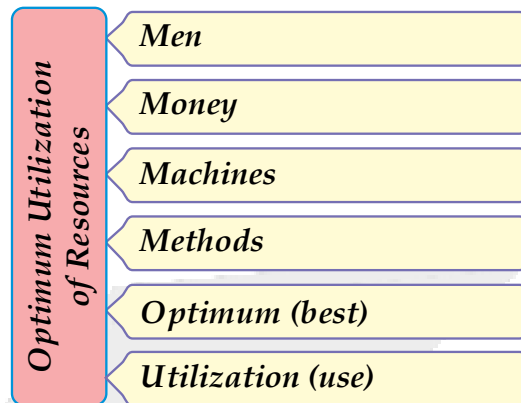
Features of Management



1. **Management is Group Activities** : It is concerned with the efforts of a group. It works in Cooperative group. Management Plans, organize, Co-ordinate, directs and controls the group efforts.
2. **Management is Social Process** : Management involves the interrelationship of people at work. The activities of people that is co-ordinated and regulated by management. So it is called Social process.
3. **Management is Purposeful Activities** : Management is concerned with the achievement of creation objectives through the effective utilization of material and human resources.
4. **Management involves Decision Making** : Making decisions is a real identity of a manager. He is planner and thinker. Manager decides the course of action, strategies, Policies and performances. So Management is always a decision - making process.
5. **Management is Art** : It is concerned with the application of Knowledge and personal skills to achieve desired results.
6. **Management is Science** : Management is developed through scientific methods of observation and testing.
7. **Management is Universal Process** : Management is needed in all types of organized activities, in all type of organizations, Commerce, Industries, Politics, Religion etc.
8. **Management is an Interdisciplinary Approach** : Management draws and uses the principles and knowledge of various social sciences such as Psychology, sociology, anthropology, Political Science and code of conduct for managers.
9. **Management is Creative** : Management creates new jobs, new wealth and new skills.
10. **Management is Integrating Process** : Management co-ordinate of all activities and resources. It integrates Men, Machines, Money and Materials.

Importance of Management

1. Optimum Utilization of Resources : Management brings all the available resources together. All these available resources are important for achieving the objective of the organization which are :



2. Expansion and Diversification : Management helps the organization to achieve its objectives efficiently, systematically, easily and quickly. It helps the organization to face the cut-throat competition to grow, expand and diversify.

3. Reduction of Employers Absenteeism and Turnover : Management motivates people. It provides different incentives to the employees. This includes positive, negative, monetary and non-financial incentives. These incentives increase the willingness and efficiency of the employees. This increases the productivity and profitability of the organization. Management also develops team spirit and increases the efficiency within the organization. It in addition reduces labor turnover and absenteeism.

4. Utilizes the Benefits of Science and Technology : Man has made rapid progress within the field of Science and Technology. Management utilizes the benefits of this progress. It provides industries with the latest machines. It provides the consumers with the newest products.

5. Encourages Initiative and Innovation : Management spurs initiative. This means it initiate the employees to make their own plans and to execute these plans. It inspires the employees to give their suggestions. Initiative gives satisfaction to the laborers and success to the organization. Management in addition encourages innovation. It brings innovative ideas, modern methods, latest techniques to the organization.

6. Minimizes Wastages : Management minimizes the wastages of human, waste materials and monetary resources. Work is done through arrangement, proper manufacturing and Control. Managers motivate subordinate to reduce wastages. Reduction in wastage's brings a higher return to firm.

7. Team Work : Management always builds a team spirit in the organization. The combine effort of work and unity lead to the prosperity within the organization. Team work plays an important part in the success of organization.

8. Motivation : Management motivates employees by sharing their profits by the mean of bonus. They also give a good amount of incentives to the employees. This motivation zeal the employee to work harder, which results in higher efficiency in production.

9. Reduction in labour Turnover : Management helps to reduce labor turnover in the organization. Employee turnover takes place when some employees leave the organization, and others join in their place. Frequent labor turnover increases selection and training cost. Management creates a sense of responsibility among the employees who brings down labor turnover.

10. Higher Efficiency : Management always wants that his employees should produce higher efficiency. Productivity is the relationship between returns and costs. Higher returns at minimum investment then the organization is said to be more proficient.

11. Improves The Quality of Life of The Workers : Management provides bonus and incentive to the employees for their work. It gives a healthy work environment to the workers. It also provides medical and insurance facilities to worker and their families. It provides a financial stability which helps in boosting life of the workers.

12. Cordial Industrial Relations : Management ensures industrial peace. It gives more importance to the 'Human Element' in business. It applies positive motivation. All this improves the relations between the employees and the employers.

13. Corporate Image : Efficient and effective management maintains a good image and goodwill of organization. This is because of quality of products and services offered by the organization and also due to the social responsibility of organization towards society.

14. Promotes National Development : Management is regarded as a key to the economic development of nation. It puts resources to the optimum use. It leads to capital formation and tech advancement. It generates handsome revenue for government. It increases national income and standard of living of people. Thus, it leads to development across all sectors, and significant growth throughout the nation.

15. It Helps Society : In management, profit is not only the objective of business. Today, the managers are combining profit objective with social purposes. They are providing society with a regular supply of good quality goods and services at reasonable prices. They are also providing employment opportunities to people. They in addition pay high taxes to the government. These taxes are used for improving nations. Nowadays, managers are using part of their profits to build hospitals, schools, colleges, etc. for civilization. So it is helping humanity in many ways.

Principle of Management

Henri Fayol

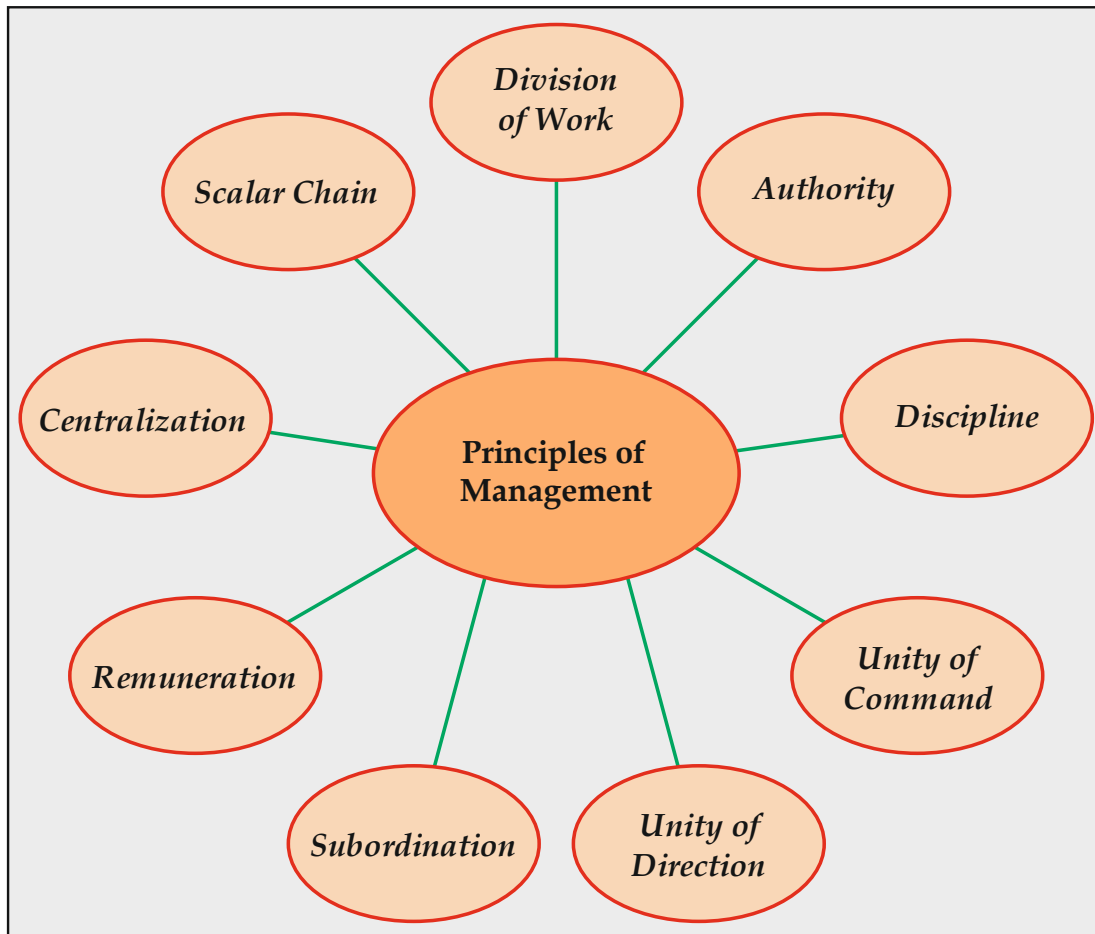
Henri Fayol (1841-1925) is called Father of modern scientific Management. These first concepts, also called principles of management are the underlying factors for successful management. Henri Fayol explored this comprehensively and, as a result, he synthesized the 14 principles of management.

Henri Fayol principles of management and research were published in the book '**General and Industrial Management**' (1916).

Fayol divided all activities of industrial enterprises into following six groups :

- *Technical activities concerning production*
- *Commercial activities of buying and selling.*
- *Financial activities intended to seek optimum use of capital.*
- *Accounting activities pertaining to final accounts, costs and statistics.*
- *Securities activities relating to protection of property*
- *Managerial Activities*

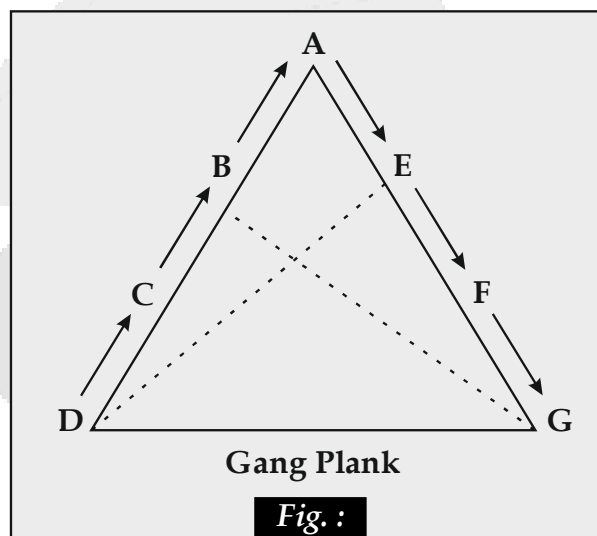
Fayol Suggested the Following 14 Principles of Management.



- **Division of Work :** *This principle of management is based on the theory that if workers are given a specialized task to do, they will become skillful and more efficient in it than if they had a broader range of tasks. Therefore, a process where everyone has a specialized role will be an efficient one.*
- **Authority :** *This principle looks at the concept of managerial authority. It looks at how authority is necessary in order to ensure that managerial commands are carried out. If managers did not have authority then they would lack the ability to get work carried out. Managers should use their authority responsibly and ethically.*
- **Discipline :** *This principle relates to the fact that discipline is needed within an organization for it to run effectively. Organizational rules, philosophies, and structures need to be met. In order to have disciplined workers, managers must build a culture of mutual respect and motivation.*
- **Unity of Command :** *There should be a clear chain of command in place within an organization. An employee should know exactly whose instructions to follow.*
- **Unity of Direction :** *Work should be organized in a way that means employees are working in harmony toward a shared objective or goal using a shared method or procedure.*
- **Subordination :** *Individual interests to the collective interests – The interests of the organization as a whole should take precedence over the interests of any individual employee or group of employees. This encourages a team spirit and collective mentality of all for one and one for all.*

- **Remuneration** : In order to motivate and be fair to employees, they should be paid a reasonable rate for the work they carry out. An organization that underpays will struggle to attract quality workers who are motivated.
- **Centralization** : This principle relates to whether decisions should be made centrally, as in from the top down, or in a more democratic way, from the bottom up. Different decision making processes are appropriate for different types of decisions.
- **Scalar Chain** : This relates to the principle of a clear chain of communication existing between employees and superiors. The chain should be respected, unless speedy communication is vital, in which case the chain may be bypassed if all parties consent.

A Gang Plank is a temporary arrangement between two different points to facilitate quick and easy communication as explained below :



In the figure given, if D has to communicate with G he will first send the communication upwards with the help of C, B to A and then downwards with the help of E and F to G which will take quite some time and by that time, it may not be worth therefore a gang plank has been developed between the two. Gang Plank clarifies that management principles are not rigid rather they are very flexible. They can be molded and modified as per the requirements of situations.

- **Order** : This relates to the proper use of resources and their effective deployment in a structured fashion.
- **Equity** : Managers should behave ethically towards those they manage. Almost every organization in the modern world will have a written set of policies and procedures which will outline exactly what is expected from staff at all levels.
- **Stability of Tenure of Personnel** : It is seen as desirable within an organization to have a low staff turnover rate. This is due to the benefits that come with having experienced staff and the time and expense needed to train new ones. There should be a clear and efficient method of filling any staff vacancies that arise.
- **Initiative** : Employees that have an input as to how to best do their job are likely to feel more motivated and respected. Many organizations place a great deal of emphasis on listening to the concerns of staff.

- **Espirit de Corps** : This Principle emphasizes the need of the team work and important of effective communication in obtaining it.

Frederick Taylor

Frederick Taylor is popularly known as the “**Father of Scientific Management**” began his career as an apprentice in a small Machine shop and rose to the level of an engineer. The major Principle and elements of his scientific management may be summarized as follows :

1. *Separation of planning and doing, equal division of work and responsibility between labour and management.*
2. *Replacement of old rule thumb method if management by scientific method i.e. scientific determination of each element of Man's job.*
3. *Scientific selection and training of workers.*
4. *Absolute cooperation between labour and management in work performance.*
5. *Determining time standard for each job through stopwatch study of all the essential elements of the job.*
6. *Introduction of the system of functional foremanship at supervisory level.*
7. *Differential piece rates of wages payment- workers attaining or exceeding the standard drawing their pay at the higher rate and those falling short of it compensated by lower wages rate.*

The scientific management movements early in the 20th century was hailed second Industrial Revolution. While scientific Management principles improved productivity and had a substantial impact on industry they also increased the monotony work. The core job dimensions of skill variety, task, identity, autonomy and feedback all were missing from the picture of scientific management.

While many cases the new way of working are accepted by the workers, in some case there were not. Teamwork is another area where pure Taylorism is in opposition to current practice. Essentially, Taylorism breaks tasks down into tiny steps, and focuses on how each person can do his or her specific series of steps best. Modern methodologies prefer to examine work systems more holistically in order to evaluate efficiency and maximize productivity. The extreme specialization that Taylorism promotes is contrary to modern ideals of how to provide a motivating and satisfying workplace.

Where Taylorism separates manual from mental work, modern productivity enhancement practices seek to incorporate worker's ideas, experience and knowledge into best practice. Scientific management in its pure form focuses too much on the mechanics, and fails to value the people side of work, whereby motivation and workplace satisfaction are key elements in an efficient and productive organization.

Other Contribution to Scientific Management

- Carl Barth
- Henry Gantt
- Frank Gilbreth and Lillian Gilbreth
- Harrington Emerson
- Morris Cooke
- Bertrand Thompson

Contribution of the Behaviorists, Sociologists and Psychologists

The contribution of behavioral scientists to management principle and practice has been recognized all over the world since the **Hawthorne experiments (1928-32) conducted by Elton Mayo** and his associated. According to the Behaviorists the management should be concerned with human behavior in organization.

Sociologists principle define by Bakke, Dubin, Katz, Gouldner and Etzioni.

Psychologists principle define A.H. Maslow, Mc Gregor, Leavitt, Chris Argyris, Herzberg and McClelland.

Major Classification of Management Approaches		
Classical Approach	Scientific Management	Frederick W. Taylor, Frank and Lillan Gilberth and Henry Gantt.
	Bureaucratic Management	Max. Weber
	Administration Management	Henri Fayol
Behavioral Approach	Group Influence	Mary Parker Follet
	Hawthorne Studies	Elton Mayo
	Maslow' Need Theory	Abraham Maslow
	Theory X and Theory y	Douglas Mc Gregor
	Model I and Model II value	Chris Argyris
Modern Approach	The System Theory	
	Contingency Theory	
	Emerging Approach : Theory Z and Quantity Management	
Quantitative Approach	Management Science	
	Operations Management	
	Management Information System	

Management Thought

Name	Period	Contribution
Robert Owen	1771-1858	Proposed legislative to Improve working contribution of Labour
Andrew Ure	1778-1857	Advocate of study of Management
Charles Dupin	1784-1873	
Henery R. Towne	1844-1924	Emphasized the need to consider management as a separate fields of study and the importance of business skills for a running business.
Charles Babbage	1792-1871	Advocate of Division of labour, divided of profit,
Mary Parker Follet	1868-1933	Emphasized group influence and advocated the concept of 'power sharing and Integration.
Elton Mayo	1880-1949	Laid the foundation for the Human relation movement, recognized the influence of group and work place culture on job performance.
Abraham Maslow	1908-1970	Advocated that humans are essentially motivated by hierarchy of needs.
Chris Argyris		Classified organization based on the employee's set of values
Douglas Mc Gregor	1906-1964	Differentiated employees and managers into theory x and theory y

Function of Management

Luther Gulik coined the word **POSDCORB** using the initial letters of management function :

P	Planning
O	Organizing
S	Staffing
D	Directing
Co	Coordinating
R	Reporting
B	Budgeting

Newmann and summer classified managing process as the functions of :

- Organizing
- Planning
- Leading
- Controlling

Management refers to the activities, and often the group of people, involved in the five general functions :

1. Planning
2. Organizing
3. Staffing
4. Directing
5. Controlling

1. Planning : *Planning refers to what is to be done, how it is to be done and when it is to be done.*

Planning involves choosing tasks that must be performed to attain organizational goals, outlining how the tasks must be performed, and indicating when they should be performed.

Four steps in Planning are as follows :

- | | |
|---------------|---------------|
| (i) Objective | (ii) Method |
| (iii) Timing | (iv) Strategy |

Planning is supposed to be done at each and every level of an organization by each and every employee. It is basically forecasting the future course of action. It bridges gap between present and future, planning our vision and mission.

Planning Includes :

- Designing procedures
- Policies
- Rules
- Programed
- Budgets

Planning can be short run or long run, but it is mostly for both, simultaneously. Short term plans are made to benefit long terms plans.

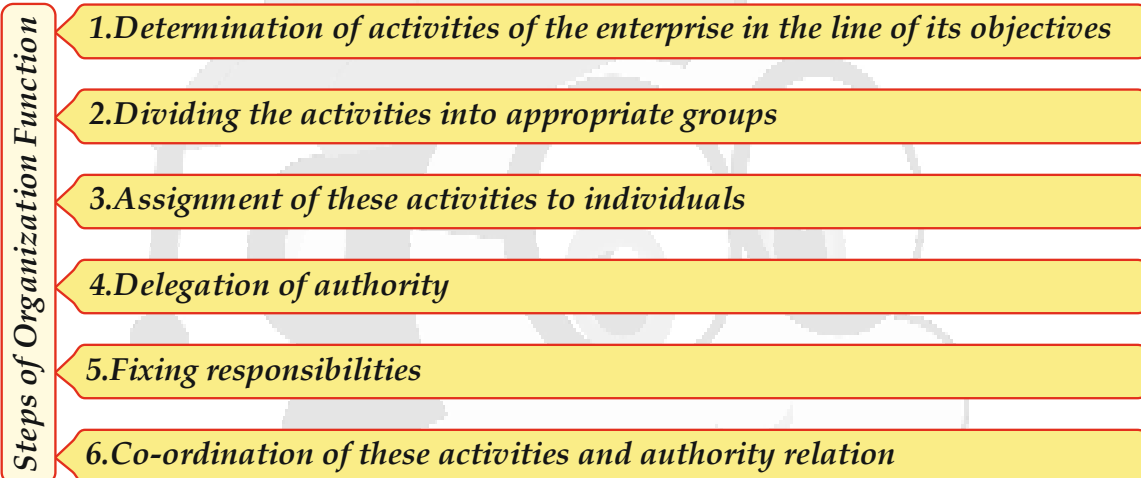
Planning is always an going process. There will be times when external factors will affect the company both positively and negatively. This in turn may alter the original planning process in reaching certain goals. This is known as strategic planning. Depending on the exact scope of an organization, the strategic planning process can look ahead as far as ten years or more. The findings are usually collected in a strategic planning document.

2. Organizing : *Organizing is accumulating physical, human and monetary resources. This assembling would depend on the objective set by an organization.*

Organizing can be thought of as assigning the tasks developed in the planning stages, to various individuals or groups within the organization. Organizing is to create a mechanism to put plans into action.

The function of organizing contains following characteristics :

- Structuring the functions
- Structuring duties
- Establishing authority - subordinate relationships



In short, Organization is all about division of work amongst individuals and co-ordination of their efforts to achieve the objective set by the organization.

Immediately after planning, the manager needs to organize the team according to plan. This involves organizing all of the company's resources to implement a course of action and determining the organizational structure of the group. And in order to do this correctly, management will need to evaluate the different divisions of departments and the staff to figure out the best way to accomplish the tasks needed to reach their goals.

This function is also known to be **"the backbone of management"**. Without organization, a company will have no structure and their day-to-day operation of business will most likely collapse. If management is disorganized, it can trickle down to the employees because they will lose confidence in their leaders.

3. Staffing : *For achieving an objective, the company needs to appoint individuals for various positions in order to complete that objective.*

The purpose of staffing is to control all recruitment and personnel needs of the organization. After management decides what needs they have, they may decide to hire more employees in a certain department. It is also responsible for training and development, promotions, transfers, and firing. A lot of times management and the human recourse department will work together because their roles are similar in this case.

The importance of this function has grown lately, mostly because of the increasing size of businesses and the advancement of technology. A good example of this is the IT department. The size of the IT department in a company ten years ago is nothing compared to what it is now because of the dependence we have on computers and servers. Without the staffing function, a business will certainly fail because there will not be an experienced, sufficient amount of employees within each department.

4. Leading / Directing : *The manager in this function, is supposed to direct or lead appointed individuals and explain them how is their appointed jobs to be done.*

Supervision, motivation, leadership, and communication are all involved in the directing function. Management needs to be able to oversee and influence the behavior of the staff and achieve the company's goals, whether that means assisting or motivating them. When morale is high within a company, it usually has a significant impact on job performance and efficiency. Incentive programs and rewards are a great way for a business to keep its employees happy and motivated.

However, the most important aspect of directing is having good communication. This means building positive interpersonal relationships, effective problem solving and evaluating one another. Most directing takes place in meetings and other meeting sessions with the department leaders to ensure that everyone is on the same page. Poor communication will lead to poor execution in an organization.

The essential steps in this function are as follows :

- Issuing orders and instructions
- Guiding and counseling
- Supervision

5. Controlling : *In this function the manager is supposed to explain the job essentials to the individuals and guide them in achieving their goals.*

Controlling Involves :

- Measurement of accomplishment against standards
- Analyzing reasons and deviations
- Responsibility Fixation
- Taking corrective measures

The last function of management deals with monitoring the company's progress and ensuring that all of the other functions are operating efficiently. Since this is the last stage, there are bound to be some irregularities and complexity within the organization. This in turn can lead to certain situations and problems arising that are disrupting the company's goals. Given is the stage where all the final data is gathered, it is the management's job to take corrective action, even where there is the slightest deviance between actual and predictable results.

Controlling is the following roles played by the manager :

1. Gather information that measures performance
2. Compare present performance to pre-established performance norms.
3. Determine the next action plan and modifications for meeting the desired performance parameters.

Ques. Match the following

(NTA UGC-NET June 2012 P-II)

List-I

- (a) The Practice of Management
- (b) Philosophy of Management
- (c) Scientific Management
- (d) General and Industrial Administration

List-II

- (i) Henry Fayol
- (ii) F.W. Taylor
- (iii) Oliver Sheldon
- (iv) Peter F Drucker

Codes :

- | | (a) | (b) | (c) | (d) |
|-----|-------|-------|-------|------|
| (A) | (i) | (ii) | (iii) | (iv) |
| (B) | (iv) | (iii) | (ii) | (i) |
| (C) | (iv) | (iii) | (i) | (ii) |
| (D) | (iii) | (iv) | (ii) | (i) |

Ans. (B) (iv) (iii) (ii) (i)

Ques. Which of the following is not a principle of management according to Henri Fayol ?

(NTA UGC-NET June 2013 P-II)

- (A) Subordination of individual interest over the organizational interest
- (B) Esprit de corps.
- (C) Unity of Managers
- (D) Unity of Direction

Ans. (C) Unity of Managers

Ques. Which of the following statements relating to Henry Fayol are correct ?

(NTA UGC-NET Jan. 2017 P-II)

Statement (I) : Authority and responsibility are related and former arises from latter.

Statement (II) : Esprit de Corps is an extension of the principle of unity of command.

Statement (III) : Unity of command means only one command at a time.

Statement (IV) : There are fourteen basic principles identified by Henry Fayol.

Codes :

- | | |
|-----------------------------------|-------------------------------|
| (1) Statements (I), (II) and (IV) | (2) Statements (II) and (III) |
| (3) Statements (I) and (IV) | (4) Statements (II) and (IV) |

Ans. (4) Statements (II) and (IV)

Ques. Assertion (A) : Management is a continuous process.

Reason (R) : Managers first plan, then organize and finally perform the function of controlling.

Codes : (NTA UGC-NET Dec. 2012 P-III)

- (A) Both (A) and (R) are correct and (R) is correct explanation of (A).
- (B) Both (A) and (R) are correct, but (R) is not a correct explanation of (A).
- (C) (A) is correct, but (R) is incorrect.
- (D) (A) is incorrect, but (R) is correct.

Ans. (A) Both (A) and (R) are correct and (R) is correct explanation of (A).

Ques. Statement (I) : Management is the art of knowing what you want to do and then seeing that it is done in the best and the cheapest way.

Statement (II) : Management is the process of planning and regulating the activities of an enterprise.

Codes :

(NTA UGC-NET June 2015 P-III)

- (1) Statement (I) is correct, but (II) is incorrect
- (2) Statement (II) is correct, but (I) is incorrect
- (3) Both the statements (I) and (II) are incorrect
- (4) Both the statements (I) and (II) are correct

Ans. (D)



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